Stealth marketing as a strategy

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Abstract  Stealth marketing has gained increasing attention as a strategy during the past few years. We begin by providing a brief historical review to provide some perspective on how this strategy has been practiced in a myriad of ways in various parts of the world, and how it has consequently evolved in the emerging new marketplace. A more inclusive definition of stealth marketing is then proposed to conceptually understand its use in various contexts. Specifically, we propose a new typology of stealth marketing strategies based on whether businesses or competitors are aware of them, and whether they are visible to the targeted customers. We further provide suggestions of how firms can counter the stealth marketing strategies used by their competitors. Contrary to conventional wisdom, evidence is also provided about how such strategies can be used for "doing good" for society. Finally, the assessment of efficiency and effectiveness of stealth marketing strategies, and their related ethical implications, are discussed.

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1. Responding to challenges

Marketing in the new millennium continues to present challenges and opportunities for organizations. The new consumer who is emerging today is becoming savvier about demanding greater quality in products and services, and placing greater emphasis upon receiving value for his or her money. As customers continue to demonstrate higher levels of price awareness and price sensitivity, and exhibit little brand loyalty and a greater willingness to switch between brands, marketers face the daunting task of making the appropriate adjustments to meet these new and emerging needs. Simultaneously, the marketplace continues to become crowded, and marketers are finding it more challenging to be heard and seen above the crowd. As summed up by Kotler, "Marketing correctly interpreted and practiced will be the key to company adaptability and profitability" (Kotler, p. 5).

Two broad generic strategies can help marketers achieve their goal. Organizations can practice the "in your face" marketing described by Johansson (2005), which involves marketing relentlessly to customers, as practiced by major corporations such as Nike, McDonald’s, Coca-Cola, and Disney. Alternatively, they can use a "guerilla" approach as described by Levinson (1984), using unconventional marketing strategies that may involve catching the
consumer unawares and in unexpected ways. The distinction between the two strategies is illustrated in Stalk and Lachenauer’s (2004) and Stalk’s (2006) articles describing the use of “hardball” vs. “curve ball” approaches to marketing, respectively. Using the analogy of baseball, in order to be successful a pitcher in the major leagues either has to throw hard at a very high velocity, or use a slider, a sinker, a knuckle ball, or a curve ball at lower speeds to get a hitter out. According to Stalk and Lachenaur (2004), hardball competitors focus relentlessly on their competitive advantage by devastating their rival’s profit sanctuaries, openly plagiarizing another’s good ideas, and unleashing overwhelming force by remaining focused and overhauling their business operations, if necessary. Curveball competitors, according to Stalk (2006), use clever moves that get competitors to look the other way while they capture the customer’s business, or outsmanthem into doing something they should not have done, or into not doing what they should have done. Hoodwinking competitors to misjudge their success, disguising their success by lying low so that they are not attacked by them, or luring them to disadvantageous areas are a few ways that organizations practice such strategies.

The term “stealth marketing” has appeared in the business press intermittently over the past couple of decades. Kaikati and Kaikati (2004) introduced it in the academic literature to refer to curveball strategies aimed at customers without their knowledge and consent. According to them, viral marketing, brand pushing, celebrity marketing, bait and tease marketing, marketing video games, and marketing in pop and rap music are the six prominent ways of using such strategies on consumers. In this article, we broaden the definition of stealth marketing to also include competitors as a target. Following Stalk (2006), such strategies have a wider applicability in dealing with other stakeholders, such as distributors, suppliers, employees, and even regulatory agencies as well.

We first offer a definition of stealth marketing, and delve briefly into the historical roots of this practice around the globe. A typology is then proposed which considers whether or not such strategies are visible to the target customers, and whether the competitors are aware of such practices. Several additional practices beyond the six major techniques suggested by Kaikati and Kaikati (2004) listed above are identified, and then are appropriately positioned to fit this rubric into a 2 X 2 matrix in Figure 2. We also consider the degree of transparency and the related ethical implications for each of these stealth strategy types, as well as how stealth as a strategy relates to each element of the marketing mix. We conclude by illustrating how stealth marketing, beyond the negative implications, has potential of being used for the good of society, and provide recommendations for further research.

2. What is stealth marketing?

The root of the word stealth as defined in the Merriam-Webster’s (1986) Third New International Dictionary refers to an “act or action of proceeding furtively, secretly or imperceptibly,” “a furtive or surreptitious departure or entrance,” or “intended to escape observation.” Therefore, in colloquial terms stealth marketing refers to undercover, covert, or hidden marketing. Due to a low level of visibility, the target is unaware of the marketers’ actions, at least to some degree. For example, the B-2 Stealth Bomber, America’s biggest military secret since the Atom Bomb, was designed to be “low-observable” according to Scott (1991), or difficult to be detected by radar or other means. The plane’s overall shape, complex surface, use of advanced radar absorbent material, and use of engines free of thermal and acoustic signatures are its critical innovations.

Some have offered a narrower definition of the term. For example, stealth marketing may be a means to reach a target audience without the advertisement being perceived as an advertisement or as a context (Cooney, 2005), or may refer to covert marketing in mass media (Goodman, 2006). Milne, Bahl, and Rohm (2008) further extend the definition to distinguish between the deception that may occur in information gathering and marketing communications. The American Marketing Association (AMA) is yet to provide an official definition of stealth marketing in its Dictionary of Marketing Terms. The Canadian Marketing Association (CMA) does not provide one either, although code 15.4 of their Code of Ethics & Standards of Practice specifically states that “marketers should avoid undercover or word of mouth initiatives that encourage a consumer or business to believe that the marketer’s agents are acting independently and without compensation when they are not” (Canadian Marketing Association, 2008).

As noted earlier, in researching the meaning of the word stealth we noticed that the definition of the word had gradually moved away from meaning theft, towards meaning to follow in a furtive, secretive, or imperceptible manner. Moreover, examples of the usage of stealth marketing focus primarily on entry or operating strategies of firms, yet most thesauri point out that such strategies
can be used for "departure" as well. For example, a firm not doing well in an international market, such as eBay in China, can choose to make a stealthy departure without making major announcements, thus avoiding public scrutiny and negative publicity. Such practices, while possibly being furtive, secretive, and or low key enough to be almost imperceptible, are not always necessarily deceptive, as discussed later in this article. Based on these premises, we offer the following expanded definition of the term: Stealth marketing is a deliberate act of entering, operating in, or exiting a market in a furtive, secretive or imperceptible manner, or an attempt to do so.

It is appropriate to reiterate here that while the concept of stealth marketing is not novel, only now has it begun to be viewed beyond the traditionally negative characterization, and begin to emerge as a mainstream strategy that allows for increased effectiveness and efficiency in meeting the needs of the emerging new consumer. Leveraging the developing media forms like blogs and video games in the context of proliferating virtual social networking platforms make many creative and innovative stealth marketing strategies possible in this new millennium.

3. Stealth marketing as a contemporary strategy

Vance Packard's *The Hidden Persuaders* (1957) is perhaps the first documentation of delving into the details of how stealth marketing campaigns, including depth psychology and subliminal techniques that were used to exploit consumer vulnerabilities by manipulating expectations and inducing desires for products. Later, most people identify the first major use of product placement in Steven Spielberg's *E.T.* the Extra-Terrestrial in 1982, where Elliott, the child character in the movie, tries to lure the alien creature inside his house with Reese's Pieces (Smith & Kiger, 2004).

In today's postmodern marketing environment, once clearly labeled promotional messages have now been woven subtly into the various facets of our culture. Modern day marketers, faced with the many challenges and obstacles, are redefining how marketing is practiced. The line between promotion and entertainment has often been blurred or obliterated. Perhaps most insidious is how marketing communications have migrated from their traditional nesting grounds to invade spaces and institutions once deemed sacred and off limits.

As noted earlier, Kaikati and Kaikati (2004) discuss six specific stealth marketing strategies that companies use. Based on our definition of stealth marketing provided earlier, we illustrate and classify several other strategies currently being used that are now encompassed by the new definition. One way to classify these strategies is to consider how they are used with respect to the four elements of the marketing mix, i.e., product, price, promotion, and place. For example, Moon (2005) suggests using stealth positioning by hiding the product's true nature as an option for breaking away from product life cycle thinking. Companies can change how customers perceive them by positioning and even repositioning their products in ways where the true purpose is not fully apparent to the customer, or only partially so. For example, Sony's AIBO robot was positioned as a lovable pet, which shifted consumer's attention from its major limitations as a household aide, and even attracted elderly consumers into being early technology adopters. Similarly, Apple introduced the Mac Mini in 2005 without a monitor, mouse, or keyboard, thereby leaving everything up to the consumer's imagination. This stealth strategy of not affiliating with any established categories also allowed the company to leave its future options open.

Companies can use stealth pricing strategies to both cut prices as well as increase them. "Instant rebates" are often used to signal price cuts and mask the initiation of a price war. For example, Advanced Micro Devices significantly reduced their prices for processors by offering instant rebates in December 2006 to continue competing with Intel. On the other hand, firms sometimes also choose to hike their prices using stealth strategies. Both Apple and EMI in April 2007 announced that iTunes would provide a DRM free option for all EMI music available at the online store, and yet continued charging customers 30% more for that option (Beer, 2007). Airlines sometimes offer bare bones one-way prices, when in fact the customer must buy a return trip and pay a whole host of additional taxes and fees. Major printer makers like Hewlett-Packard and Eastman Kodak have recently slashed prices of printer cartridges, but have also reduced the volume of ink, thereby giving the customer a higher cost per page (Lawton, 2007), borrowing from a strategy that has been heavily used in retail merchandising on a wide variety of goods.

Stealth promotion strategies abound in many forms. Red Bull, for example, implemented a less expensive marketing campaign by enlisting extreme sports enthusiasts to ride wind-powered kite boards, and hosting elaborate music workshops and parties, while simultaneously providing onlookers with cans of their product. The total cost for the campaign was...
significantly less than a traditional television advertising campaign (Walker, 2008).

Finally, stealth strategies are also used in distribution-related methods. For example, most customers using “The Lucky Dog 10-10-345” dial around service based on their abhorrence to big names are unaware that the brand is owned by the conglomerate AT&T. Similarly, it is also worth noting that Yahoo Travel bookings are usually made via Travelocity and the booking engine Sabre, although the Y! customers do not see the Travelocity brand. Interestingly, this is the opposite of the more commonly used strategy of licensing one’s brand, but companies use it to their advantage. Figure 1 summarizes some additional examples of stealth marketing techniques based on the four elements of the marketing mix and targeting the individual consumer.

4. A proposed typology of stealth marketing strategies

The basic tenets of market orientation (Kohli & Jaworski, 1990; Narver & Slater, 1990) recognize that firms should focus on two specific stakeholders: competitors and customers. Customer orientation involves perceiving and understanding customers’ needs and satisfying them. Being close to the customer, and being flexible and innovative in dealing with them, are the hallmarks of this paradigm. Consequently, firms are advised to form a continuous communication with its actual and potential customers (Hartline, Maxham, & McKee, 2000).

Conversely, a competitor orientation involves a company’s understanding of the strengths, weaknesses, capabilities, and strategies of key and potential competitors (Narver & Slater, 1990).

Figure 1. Stealth marketing and the marketing mix

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
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<tbody>
<tr>
<td>• Not fully disclosing product safety information for potentially harmful consequences of using the product; for example, the diet supplement Ephedra also posed health risks such as heart attacks and high blood pressure.</td>
<td>• Bait and Switch Pricing: posted prices bear little relationship to actual price of product; for example, unscrupulous real estate agents commonly engage in bait and switch by continuing to advertise attractive properties in their windows that they have already sold.</td>
</tr>
<tr>
<td>• Packaging creating an impression of more of the product; for example, Hewlett Packard, Kodak, and other print cartridge companies recently slashed prices, but also volume of ink, resulting in a higher cost per page.</td>
<td>• “Buy one, get one free,” “Going out of business” sales, and “Rent-to-Own” businesses often times use price deception.</td>
</tr>
<tr>
<td>• “Brand Pushers” do not disclose their identity to potential customers; for example, Sony Ericsson T68i camera phone campaign hired actors to pose as tourists.</td>
<td>• Internet gambling and other illegal business sites operate out of countries that have tax laws; for example, all online gambling sites are based outside the United States, but as much as 80% of their traffic and profit comes from this country.</td>
</tr>
<tr>
<td>• Celebrity advertising without disclosing payment received for service; for example, Lauren Bacall appeared on the Today Show talking about the drug Visudyne without disclosing her association with the company.</td>
<td>• Most supermarkets rearrange their stores a few times a year, so that customers end up spending more time inside the store looking for their favorite products.</td>
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It provides firms with a wider understanding of the characteristics of the market in which it is operating. An exclusive focus on either orientation may result in an incomplete business strategy and action (Han, Kim, & Srivastava, 1998), and as such Day (1999) suggests a balance between the two foci.

Our second typology of stealth marketing strategies, therefore, takes into account these two orientations; that is, whether or not such strategies are hidden from the target customers, and whether or not businesses or competitors are aware of them. The cross-classification of these two dimensions produces four possible combinations (see Figure 2).

Those strategies that are visible to target customers, and are in the radar of their competitors, are the most commonly used traditional marketing practices, and as such are represented by the cell labeled as the Green Zone. The remaining three cells illustrate the range of stealth strategies based on whether they are: (I) they invisible to target customers, yet other businesses and competitors are aware; (II) visible to target customers, yet competitors are unaware; or (III) invisible to target customers, and competitors are unaware. The techniques used in each case are now discussed in detail.

4.1. Invisible to customers, yet competitors are aware

The most pervasive forms of stealth marketing are directed at customers, using practices that are known to competitors. Brand pushing, celebrity advertising, and product placement in movies and video games are some such strategies discussed in detail by Kaikati and Kaikati (2004). We further discuss three additional strategies that can be considered under this category; for example, sub-branding using stealth parentage, rechristening damaged brands, and flogs. The examples used under each category are representative of the strategies discussed and not intended to be exhaustive.

4.1.1. Sub-branding using stealth parentage

A common way to leverage brand equity is to use a family branding or multi-product branding strategy (e.g., Kellogg’s Rice Krispies and Kellogg’s Frosted Flakes). Companies alternately use multiple brand names (i.e., use a multi-branding strategy) for related products to allow them to succeed or fail on their own merit. However, in many cases, companies...
traditionally using family branding strategies hide the origins or parentage of individual brands to guile average consumers into believing that they were truly new and unique products being made by smaller companies.

For example, Pepsi, a $35 billion conglomerate, recently introduced Fuelosophy, a high-energy protein drink line without making any reference to their corporate lineage and with very little marketing (Thompson, 2006b). Even the Fuelosophy website makes no reference to the product’s Pepsi parentage. The goal was to create a “homespun lifestyle oriented” company that appealed to the Whole Foods consumer, where the product is being sold. Other similar examples are:

- Estée Lauder makes the brand Origins, without explicitly associating this brand with their other products.
- Miller Brewery makes the Red Dog and Ice House beers, yet does not associate the parent name to these brands, since younger consumers are skeptical of name brand companies.
- Saturn was billed as a “different kind of company” with a “different kind of car.” The goal was to create a unique folksy image for this entity, which was separate from the existing “stodgy” image of its GM parent.
- Song was the discount airline for Delta Airlines until it declared bankruptcy in 2006; it did not hurt Delta’s image because very few people knew their association.

4.1.2. Re-christening damaged brands

Sometimes brand names are tarnished because of accidents or being in politically incorrect situations due to negative publicity. Such damaged brands often have to be renamed to reinvent themselves (Macchiette & Roy, 1994). For example, following a major air disaster in 1996, ValuJet came back as AirTran a couple of years later. The company was only 3 years young at the time of the accident, and had the luxury of folding its operations quietly before regrouping themselves.

Similarly, Philip Morris changed the name of its parent company to Altria to create a “firewall” between its cigarettes (e.g., Marlboro) and food and beverage products (Kraft/General Foods). The Houston Astros dropped the name “Enron” from their stadium after that company filed for bankruptcy, while Kentucky Fried Chicken changed its name to KFC to avoid negative connotations with the word “fried.”

4.1.3. Flogs

Flogs are fake blogs, designed to create an impression that a regular blogger is providing the information, while in reality a commercial company is sponsoring the site. The goal of such flogs is to provide positive publicity for a product that would not be possible through traditional methods of promotion. The ethical issue pertains to the fact that customers do not know the actual intent or sponsorship of the blog, and are therefore misled by the firms.

Recent examples include “Wal-Marting across America,” a blog authored by two supposed Wal-Mart enthusiasts journeying across America in a RV and blogging about their experiences in Wal-Marts across the country, without disclosing that they were being paid by the company. Similarly, a video blog praising the Sony PSP reportedly created by Charlie, an amateur hip-hop artist, was later found to be actually created by professional agency, and quickly withdrawn after being exposed for being inauthentic. Even political candidates hire bloggers to “spin” positive messages on their behalf. Marketing industry middlemen, such as Pay Per Post Inc., Sponsored Reviews.com, Review Me, and Loud Launch are connecting mainstream marketers with thousands of mom and pop bloggers to write sponsored posts on a wide range of subjects, including diamonds, digital cameras, and drug clinics (Freidman, 2007). Since 2008, flogs have been illegal in the United Kingdom.

4.2. Visible to target customers, yet competitors are unaware

Sometimes firms change names for other reasons, even though their brands are not damaged. Datsun, for example, changed its name to Nissan in 1982 to reinforce the Japanese country-of-origin identity. Boston Chicken became Boston Market when a wider variety of products were added to their menu.
competitors. Unlike the use of visible promotional techniques, such as advertising, sales promotion, or personal selling, in this case the competition are not aware of the stealth communications between the firm and the customers, and as such has no way of developing strategies to counter them.

The growth of the Internet has further enhanced the potential of gaining valuable customer information to enhance a firm’s customer relationship-management practices. Empirical studies have shown that integration with the Internet enhances the customer data collection accuracy and speed, cost savings, greater interaction, and promotes better relationships with customers without the knowledge of the competitors (O’Leary, Rao, & Perry, 2004).

4.2.2. Marketing through associations and affinity groups
Customer retention and loyalty, and avoiding churn, are major issues in most industries today. One possible avenue for firms is to build strong relationships with associations and affinity groups to which these customers belong, and market to them through the leadership of these associations.

Almost 90% of Americans belong to at least one association, such as AARP or the American Automobile Association, and these affinity groups provide a potent mechanism for developing, marketing, and promoting a wide range of products and services outside the radar of their competitors. Associations help firms leverage their marketing efforts by offering exclusive rights to access to their members, and encouraging them to develop tailored products for them (Roy & Berger, 2007).

4.2.3. Viral marketing
Viral marketing involves the purposeful release of information by firms that use pre-existing social networks to enhance brand awareness through word-of-mouth via a digital platform, and using awareness through a self-replicating viral processes, similar to the spread of pathological and computer viruses. This phenomenon facilitates and encourages consumers to pass on the messages voluntarily. Such promotions may be in the form of video-clips, advergames, images, short message service (SMS) text messages, or even e-mail messages, distributed without the knowledge of the competing businesses.

4.3. Invisible to customers, and competitors are unaware
Perhaps the most blatant form of stealth marketing is when these strategies are hidden from both customers as well as competitors. Then it has the highest degree of covertness from all stakeholders concerned, and as such often raises the highest level of ethical concern. Stealth marketing in the context of new product development, behavioral targeting, ambush marketing, and push polling are examples of these strategies, and are discussed next.

4.3.1. Stealth marketing in the context of new product development
While historically stealth strategies have been associated with new product development, “open” innovation has generated a lot of interest in recent years (Chesbrough, 2003; Von Hippel, 2006). For example, when Proctor & Gamble wants to find a molecule that takes red wine off a shirt or absorbs smells from a diaper, it no longer relies on just internal R&D. It puts those requests out on a site called InnoCentive. Scientists around the globe have instant information about the challenge, and are encouraged to work on the solution and sell their ideas back to P&G.

Even though this appears to be a novel solution, there are two additional distinct schools of thought on this issue: some believe that it is better to preannounce their product, while others go for the surprise rollout or stealth approach (Calantone & Schatzel, 2000; Wu, Balasubramanian, & Mahajan, 2004) where projects are typically hidden from competitors to protect innovations (Henricks, 2001). This is particularly a popular tactic for companies incubating promising products or services.

Consider the approach of the two leading technology companies. Every January the electronics industry holds its breath while waiting for Apple to announce the company’s new products for the year. On the other hand, Microsoft begins technology demonstrations of their products (e.g., Windows, Vista, Office) months in advance so potential customers can begin feeling comfortable with them, and plan their purchases in advance even before their launch.

Interestingly, in many instances companies are able to create a ”buzz” by appearing mysterious, and using an anticipated announcement as a teaser campaign for a new product introduction, as was the case with the introduction of the iPhone by Apple in early 2007, or the introduction of the Segway Transporter in 2001, when both potential customers as well as competitors were completely out of the loop.

“Loose lips sink ships” is the adage followed by many companies, because eager competitors are likely to gain differential advantage before the product is perfected and patented by trumpeting
their own intention to develop similar products. Given the demonstrated notion of a pioneering advantage for most product categories, being the first to market a product, especially in the case of radical product innovations, is critical to the success of any company (Boulding & Christen, 2003).

4.3.2. Behavioral targeting
Behavioral targeting, which involves pushing ads to individual consumers based on their past online browsing behavior as determined by cookies placed by third parties, is unknown to both the individual consumer as well as competitors and other businesses. In the recent past, firms have found this strategy to be effective in sending more relevant, and therefore more useful, ads to end consumers, thus enhancing their sales and revenues. Some critics, however, have found this tactic to be controversial as it invades individual privacy.

Jupiter Research estimated that one in four online advertisers would be using behavioral targeting by 2008. Over 88% of the advertising agencies that have used this strategy are “very or somewhat satisfied.” They are using it to uniquely build their brand, drive direct online sales, and meet their advertising goals. Other specific examples of firms using behavioral targeting include:

- Microsoft places their web customers in one of 18 segments as predicted by a combination of their online search habits and web pages visited, and targets display ads relevant to their interests. Customers are expected to benefit from ads that are relevant to their interests, albeit without their knowledge, while advertisers gain by reaching relevant audiences and increasing their ROI.

- Car and Driver is working with Revenue Service to deliver behavioral targeting services for advertisers. The latter firm will help www.CarandDriver.com segment audiences, not just by vehicle make and model, but by specific visitor behavior, e.g., target those who have read two or more articles about a particular type of vehicle online.

- The advertising network BlueLithium uses Ad Roll, a video streaming ad network with behavioral streaming ad network capabilities, for in-stream or in banner placements. The firm offers contextual, demographic, and geographic targeting on both its display and video ads.

- Yahoo offers behavioral targeting across its networks via the Fusion, Impulse, and Panama ad search platforms. Google has no plans to use it without disclosure, yet Double Click, now owned by Google, is well known for implementing such strategies in their marketing.

4.3.3. Ambush marketing
Sometimes companies that are not official sponsors of an event undertake marketing events to convey the impression that they are. This is called ambush marketing or simply “ambushing.” This strategy has been shown to be undeniably effective in fooling customers regarding the identity of the actual sponsors, while simultaneously catching the competitors’ off-guard. More often than not, ambushers do nothing illegal, and do not use official logos or trademarks, yet creatively imply association with the event (Meenaghan, 1996; Petty, 2008).

It is no surprise that such strategies are used during high stakes sports events, such as the FIFA soccer World Cup championships, as well as during the Olympics. For example, during the 2006 FIFA Cup, the Bavaria Brewery distributed orange (the Dutch national color) leenwehosen (lion tailed overalls) with the company logo in cases of beer in the Netherlands in support of the Dutch national team, even though Budweiser was the official sponsor for the event. Similarly, Lufthansa’s advertising during this event featured athletes, planes, and a soccer ball to promote its brand, along with an invitation to share the passion with Germany’s soccer airline, even though the Emirates airline had paid millions of Euros to be the official sponsor.

4.3.4. Push polling
Push polls are a form of negative political campaign technique used to influence or change the view of potential voters under the guise of conducting a poll. Such strategies are typically used covertly by competing candidates to simultaneously misinform the respondents to the poll, and as such have been strongly condemned by the American Association of Political Consultants.

This strategy can take many forms, ranging from merely reminding and cueing voters about particular issues in order to get them thinking about them, to attacking and maligning opponents using misinformation. Unlike traditional polls that use relatively small sample sizes, push polling typically involves mass marketing efforts. Obviously, push polls are a risky strategy for the credibility of candidates, if they are disclosed to either competitors or voters.

5. Countering stealth marketing
Often times, public interest research groups (PIRG), other third parties, regulatory agencies, or even a
retailer will play the role of an ombudsman, and assume a countervailing role in blowing the whistle on stealth marketing practices. The Center for Science in the Public Interest, the undisputed leader among the “food police,” has in the past disclosed misleading claims in food advertising, lobbied for extra taxes on unhealthy foods, and pursued legislation to have government-mandated nutritional information on restaurant menus to expose the actual harmful nature of the food content to the public at large. Other similar organizations, like the Public Health Advocacy Institute (PHAI), have tried to fulfill similar functions.

The federal government, primarily through the Federal Trade Commission (FTC) and the Federal Communication Commission (FCC), also monitors claims of deceptions in advertising, including claims involving foods, drugs, dietary supplements, and other products promising health benefits. It also specifically monitors claims about product performance in the media, marketing, and advertising directed at vulnerable groups such as children and the elderly, and Internet fraud, and reports them to Congress for further action.

In recent years the Food and Drug Administration (FDA) has also tried to crack down on targeting techniques that influence children and minors, such as prohibiting billboards near schools. Similarly, as a result of Health Canada regulations passed in November 2006, manufacturers are now required to list the detailed ingredients on the packaging in Canada to help shoppers make informed choices. Manufacturers selling products in their stores. For example, a major New England grocery chain, Hannaford Brothers, has developed a system called Guiding Stars, which rates products from zero to three stars to denote whether or not they are good for our health (Martin, 2006). Many products which are stealthily marketed as healthy by their manufacturers, e.g., V8 vegetable juice, Campbell’s Healthy Request Tomato soup, most Lean Cuisine and Healthy Choice frozen dinners, and nearly all yogurt with fruit products, received no stars based on this system, either because of too much salt or sugar.

6. Doing good using stealth marketing

It is easy to see how stealth marketing typically conjures up negative connotations with ethical implications. Yet, it is possible to use this strategy to do good for society, and at other times to generate positive publicity and earn the goodwill of customers.

The meaning of the word stealth in the eighteenth and nineteenth centuries had positive implications, as noted by Charles Lamb, who wrote: “The Greatest pleasure I know is to do a good action by stealth, and to have it found out by accident” (Talfourd, 2005, p. 128). Video games have had a long history of entertaining users, but some manufacturers are now using video games as a medium for promoting positive change, even though younger buyers buy them for the voyeuristic thrill and mindless fun (Sternberg, 2006; Thompson, 2006a). For example, Peacemaker, a videogame, allows players to assume the role of either the Israeli Prime Minister or Palestinian President and negotiate a settlement. Similar games, like the United Nations’ Food Force, allow consumers to understand the difficulties of dispensing aid to war zones. Otpor (Resistance), the Serbian youth movement widely credited for ousting Slobodan Milosevic, also produced A Force More Powerful, a game that taught the principles of non-violence. These games force the players to be engaged in a positive way, and surreptitiously enhance their critical thinking skills. The organization Games for Change (www.gamesforchange.org) is actively involved in developing digital socially responsible games.

Agencies such as the Robert Wood Johnson Foundation (www.rwjf.org) are funding several studies that explore how video games can potentially motivate healthy behaviors. One study is looking at how children’s behavior is influenced by a mobile phone game that rewards healthy eating and exercise, while another study investigates how video games help individuals recover their motor skills after a stroke.

On the other hand, the American Institute of Certified Public Accountants (AICPA) devised an on-line game, entitled “Catch Me If You Can,” to change perceptions and portray the accounting profession as an attractive career opportunity for young people. The campaign was timed to coincide with
the current public interest in various forensic and investigative TV shows, such as CSI and Law & Order. The Catch Me... campaign recruited junior and senior high school students to step into the footsteps of a CPA and investigate their way through 12 intriguing financial crimes. The top players were eligible for cash prizes; the contest elicited 32,000 responses, 13,822 registrations, and 6,384 leads for a career path that many of them would not have otherwise considered.

Newer technologies have played a role in other stealth applications, too. For example, Dow Chemical uses RFID and Global Positioning System (GPS) to reduce the risks of shipping hazardous chemicals. Similarly, Ryder tapped this tracking technology to help customers trim fuel costs and ensure that the trucks get to the destination on time. Using RFID, pharmaceutical companies like Purdue Pharma can flag shipments of drugs like OxyContin that have gone missing, and alert the respective pharmacies, hospitals, and other facilities about such incidents. In the past, miscreants have stolen such drugs, stored them at improper temperatures, and even contaminated them before reselling them as legitimate goods, hence risking patient safety.

Sometimes, commercial firms use stealth marketing campaigns that reward consumers, while simultaneously whetting the latter’s curiosity about the sponsor of the event and then gaining positive publicity after disclosing their own identities as the “do-gooders.” For example, a recent Golden Globe Award winning campaign by Arc Worldwide, USA for United Airlines involved “Random Acts of Ted” with advertising, signage, sponsorships, merchandise activities, and events that were themed to promote Ted, the airline’s discount carrier, popping up all over Chicago, the airline’s hub. Concurrently, the airline began a grass-roots campaign of doing small yet noticeable good deeds, such as giving away free Ted-branded ice cream, movie passes, newspapers, transit passes, flowers, beads, oranges, coffee, and gasoline vouchers. The 57 million media impressions and 105,000 in-person contacts generated a season-long buzz throughout Chicago, and helped Ted get off to a great start in 2004.

7. The future of stealth marketing

Media coverage of high profile failures of corporate governance in organizations around the globe have increased emphasis on transparency in today’s environment. In this situation, it is important to try and understand stealth marketing practices, and predict which forms of stealth marketing are likely to survive in the future. If the goal of marketing is to be simply honest and transparent, will the field lose its creative focus, artlessness, and spontaneity?

What are the normative perspectives (Laczniak & Murphy, 2006) of stealth marketing practices? One possible solution we suggest is to view stealth marketing strategies in ethics continua with several possible dimensions. Overall, stealth strategies targeted at individual consumers are likely to be perceived by consumers as being more unethical than those targeted at businesses or competitors. Moreover, those targeted at vulnerable populations, such as children or low income families, are likely to be considered to be more egregious, particularly if they are targeted with harmful products. Personal approaches used in stealth marketing strategies, such as brand pushers, will perhaps be evaluated as being less ethical than non-personal (media) based stealth marketing strategies. Martin and Smith (2008) distinguish between deception, intrusion, and exploitation as types of stealth marketing strategies. Are certain forms, such as exploitation, considered to be more unethical than the other two types?

Presuming that firms operate under appropriate ethical guidelines, managers also need to ascertain conditions under which stealth marketing is likely to be effective and efficient. Is the type of product or service critical in lending themselves to the use of stealth marketing strategies? Are popular, technically complex, status enhancing, or luxurious products more likely to lend themselves for use of these strategies? Which types of consumers are likely to be more prone to buzz and hence more susceptible to stealth promotions?

This millennium has seen marketers leveraging newer media forms like blogs and video games, coupled with the use of creative and innovative stealth marketing strategies. Therefore, new forms of stealth marketing have evolved paralleling the changes in the marketplace, therefore compelling federal agencies to update their rules and guidelines. For example, pharmaceutical companies are running ads for medical devices on the video website YouTube, without the mandated warnings and disclosures that are typically required for advertising on traditional media like television or magazines, therefore forcing the FDA to rethink its advertising policies for the new media (Rockoff, 2008).

Astute marketers in most industries are transitioning from conventional ad campaigns to subtler and sometimes intrusive promotions, as they come under increasing pressure to think of newer and better ideas to attract the consumer. How can stealth marketers deliberately harness the power of buzz? With the proliferation of stealth marketing, will we as consumers be harder pressed to distinguish fact from fiction?
Where we draw the legal and ethical boundaries on the level of intrusion that is acceptable will probably shape the marketing practices of the 21st century.

References


